

**PROPERTY ASSESSMENT APPEAL BOARD
FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER**

PAAB Docket No. 2019-025-00267R

Parcel No. 13-11-400-007

Kenny Edward Head,

Appellant,

vs.

Dallas County Board of Review,

Appellee.

Introduction

This appeal came on for hearing before the Property Assessment Appeal Board (PAAB) on December 19, 2019. Kenny Head was self-represented. Chief Deputy Dallas County Assessor Brian Arnold represented the Board of Review.

Kenny and Maria Head own a residential property located at 32849 H Avenue, Earlham, Iowa. The property's January 1, 2019 assessment was set at \$225,990, allocated as \$76,750 in land value and \$149,240 in dwelling value. (Ex. A).

Head petitioned the Board of Review contending the assessment was not equitable compared to the assessments of other like property. Iowa Code § 441.37(1)(a)(1) (2019). The Board of Review denied the petition.

Head reasserted his claim to PAAB.

General Principles of Assessment Law

PAAB has jurisdiction of this matter under Iowa Code sections 421.1A and 441.37A. PAAB is an agency and the provisions of the Administrative Procedure Act apply. § 17A.2(1). This appeal is a contested case. § 441.37A(1)(b). PAAB may consider any grounds under Iowa Code section 441.37(1)(a) properly raised by the

appellant following the provisions of section 441.37A(1)(b) and Iowa Admin. Code Rule 701-126.2(2-4). New or additional evidence may be introduced. *Id.* PAAB considers the record as a whole and all of the evidence regardless of who introduced it.

§441.37A(3)(a); *see also Hy-Vee, Inc. v. Employment Appeal Bd.*, 710 N.W.2d 1, 3 (Iowa 2005). There is no presumption that the assessed value is correct, but the taxpayer has the burden of proof. §§ 441.21(3); 441.37A(3)(a). The burden may be shifted; but even if it is not, the taxpayer may still prevail based on a preponderance of the evidence. *Id.*; *Compiano v. Bd. of Review of Polk Cnty.*, 771 N.W.2d 392, 396 (Iowa 2009) (citation omitted).

Findings of Fact

The subject property is a one-story modular home built in 1996. It has 1431 square feet of gross living area (GLA); an unfinished basement; a one-stall basement garage; an open porch; a deck; and a patio. A two-car detached garage was added to the property in 1998. The home is listed in above-normal condition with good-quality construction (3+00 grade). The site is 5.38 acres in rural Dallas County. (Ex. A).

Kenny Head testified he bought the unimproved land in 1993 for \$25,000 and added utilities and a septic system at a cost of roughly \$16,000. He had the foundation dug and the basement poured for a cost of roughly \$10,000. Head testified he bought the modular home for \$70,000. He asserts his property's assessment is higher than his neighbors' properties and his unfinished basement is contributing to the 22% increase in his assessment from the previous year.

To support his claim, Head listed five properties on his Board of Review petition, which are summarized in the following table. (Exs. C-M).

Comparable	Site Size (Acres)	Design	GLA	Basement	Sale Date	Sale Price	Assessed Value
Subject	5.38	Modular	1431	Yes	NA	NA	\$225,900
1 –32765 H Ave	9.75	Manufactured	1372	No	June-18	\$221,000	\$153,160
2 –32847 H Ave	4.74	Manufactured	2016	No	Sep-16	\$205,000	\$179,230
3 - 32991 H Ave	4.43	Manufactured	1456	No	Oct-17	\$162,000	\$139,490
4 –16518 Old Hwy 6	4.60	Ranch	1360	Yes	Mar-17	\$180,900	\$183,590
5 –32132 G Trail	5.25	Manufactured	1411	No	July-18	\$131,900	\$127,040

The subject property is the only modular home; with the exception of Comparable 4, the remaining properties are manufactured homes and lack basements.

Comparable 1 has a larger site than the subject site but is similar in age and dwelling size. Head was surprised to learn it sold in 2018 for \$221,000, which was substantially more than its 2019 assessment. (Exs. D & I).

Head testified he shares a driveway with Comparable 2. It is a manufactured home with no basement, but has more square footage than the subject. It has a 24x40 metal Morton building, which is bigger than the subject's detached garage. (Exs. E & J).

Head testified that Comparable 3 is in excellent condition and was remodeled and resold in 2017. (Exs. F & K).

Only Comparable 4 has a full, unfinished basement like the subject, but it is 29-years older, has a lower quality grade, less gross living area, and a smaller site than the subject. It is a ranch-style, stick-built home. It last sold in 2017 for \$2,690 less than its current assessment. (Ex. L).

Comparable 5 sold in 2018. It is a 30-year-old, manufactured home with no basement. (Ex. M).

With the exception of Comparable 4, all of the Comparables sold for more than their assessed values. The two 2018 sales have assessment-to-sale-price ratios of 0.69 and 0.96. A ratio less the 1.00 may be indicative of assessments that are less than market value. Arnold testified that in Dallas County it is possible that these rural acreages are not assessed at their full market value due to the land valuation being too low. However, the County continues to work on this issue.

Head contends manufactured homes are not really different from modular homes, except they have a frame with axels underneath them. Chief Deputy Assessor Brian Arnold disagreed asserting manufactured homes and modular homes are treated differently in the market. He believes modular homes are comparable to stick-built homes. Arnold also noted that modular homes are graded and priced differently from manufactured homes in the 2008 IOWA REAL PROPERTY APPRAISAL MANUAL, and specifically stressed they depreciate faster than modular or stick-built homes.¹ Reviewing the property record cards, it is clear that the subject property and Comparable 4 were valued using the residential schedule of the MANUAL, while the remaining Comparables were valued using the manufactured homes (double wide) schedule. MANUAL at 7-51-52; 7-74.

Analysis & Conclusions of Law

Head asserts his property is inequitably assessed. § 441.37(1)(a)(1).

To prove inequity, a taxpayer may show an assessor did not apply an assessing method uniformly to similarly situated or comparable properties. *Eagle Food Centers v. Bd. of Review of the City of Davenport*, 497 N.W.2d 860, 865 (Iowa 1993). Head offered no evidence of the Assessor applying an assessment method in a non-uniform manner. Based on the evidence in the record, the Assessor properly followed the guidelines in the Manual for pricing modular versus manufactured homes and applied the differing grading and depreciation schedules accordingly.

Alternatively, a taxpayer may show the property is assessed higher proportionately than other like property using criteria set forth in *Maxwell v. Shivers*, 133 N.W.2d 709 (Iowa 1965). The *Maxwell* test provides that inequity exists when, after considering the actual values (2018 sales) and assessed values (2019 assessments) of comparable properties, the subject property is assessed at a higher portion of its actual

¹ The MANUAL at page 7-31 provides “The ‘Manufactured’ dwellings schedule is to be used for mobile type manufactured homes and is not intended to be used for modular or panelized manufactured homes.” IOWA DEP’T OF REVENUE, 2008 IOWA REAL PROPERTY APPRAISAL MANUAL, *available at* <https://paab.iowa.gov/sites/default/files/documents/2020/01/7residentialsection.pdf>. “Better quality pre-fabricated homes meet the same building code requirements as standard stick built homes and should be priced from the Residential Schedule. *Id.* at 7-35.

value. It is insufficient to simply compare the subject property's assessed value to the assessments of other properties or to compare the rate of change in assessment amongst properties.

There are two 2018 sales in the record. Both properties are manufactured homes, smaller in living area, with no basements. Nonetheless, their assessment to sale ratios indicate that properties in the subject's area are selling for more than their assessed values.

Although there are assessment-to-sales-price ratios for several properties, the *Maxwell* analysis cannot be completed because a ratio also needs to be developed for the subject property. The subject property did not recently sell, nor did Head offer evidence of its January 1, 2019, market value that is consistent with section 441.21.² Both ratios for similar properties and the subject property are required in order to determine if the subject property is assessed at a higher proportion of its actual value than other similarly situated properties.

Viewing the record as a whole, we find Head failed to show his property is inequitably assessed.

Order

PAAB HEREBY AFFIRMS the Dallas County Board of Review's action.

This Order shall be considered final agency action for the purposes of Iowa Code Chapter 17A.

Any application for reconsideration or rehearing shall be filed with PAAB within 20 days of the date of this Order and comply with the requirements of PAAB administrative rules. Such application will stay the period for filing a judicial review action.

² Iowa Code section 441.21 requires that a property's assessed value be determined, first and foremost, by sales of the subject property or comparable properties.

Any judicial action challenging this Order shall be filed in the district court where the property is located within 30 days of the date of this Order and comply with the requirements of Iowa Code section 441.37B and Chapter 17A.19 (2019).



Elizabeth Goodman, Board Member



Dennis Loll, Board Member



Karen Oberman, Board Member

Copies to:

Kenny Head by eFile

Dallas County Board of Review by eFile